


GEOTEK COMMUNICATIONS, INC.

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

September 26, 1995

BY HAND

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: Ex Parte Submission in PR Docket 89-
553; PP Docket No. 93-253; and GN
Docket No. 93-252

Dear Mr. Caton:

Pursuant to Section 1.1206(a)(2) of the Commission's rules, Geotek Communications, Inc. ("Geotek") hereby submits an original and two copies of this Ex Parte filing as a follow-up to a meeting today between Geotek and the Staff of the Wireless Bureau. The subject matter discussed in the meeting is summarized below.

1. Geotek is concerned that some of the information regarding incumbent licensees contained in the Public Notice released September 15, 1995 ("Auction Notice") and the Commission's database is inaccurate and may mislead prospective bidders on the value of the licenses where there are incumbent licensees.

The Auction Notice announced the 900 MHz Specialized Mobile Radio ("SMR") auction scheduled for November 28, 1995. The Auction Notice cautioned prospective bidders in formulating their bidding strategies that they should investigate and consider the extent to which the various 900 MHz channel blocks were already occupied by incumbent licensees. (Incumbent licensees are protected from co-channel interference.) To assist prospective bidders in this respect, the Auction Notice provided as Attachments A and B the names and addresses of the

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incumbent licensees. (The Auction Notice also directed prospective bidders to the FCC's database for information regarding incumbent licensees.) See Auction Notice at 2.

Geotek has reviewed the Attachments A and B to the Auction Notice and the FCC database and found numerous errors. If prospective bidders are not provided accurate information, the 900 MHz auction will be distorted and could lead to prospective bidders, including incumbents, paying more for a license than its market value. For example, an incumbent licensee may be required to pay more for the MTA license if it must bid against a bidder that incorrectly thinks that the frequency block is unencumbered. Likewise, bidders may be reluctant to bid on a frequency block if they think that it is encumbered when in fact it is not. In either case the auction will be distorted and bidders will have relied to their detriment on information provided by the Commission. Such a result may lead to protracted litigation and possible defaults on payments. Thus, Geotek requests that the Commission provide all applicants timely filing a Form 175 accurate information regarding the incumbent frequency blocks.

2. Based on its experience acquiring 900 MHz SMR licenses, Geotek recommends that the Commission establish \$.01 per MHz-pop as the minimum bid increment for Stage I of the auction. All of the licenses held by Geotek in the 900 MHz band were obtained in acquisitions. Through this process Geotek has gained considerable experience in assessing the market value of licenses in this band. As discussed in Geotek's *ex parte* filing of August 18, one indicator of the value of the Designated Filing Area ("DFA") would lead to an estimate of approximately \$.03 per MHz-pop. See *Ex parte* of John Egidio, filed August 18, 1995.

Assuming that the DFA represents approximately half the value of the MTA (the DFA representing the population center of the MTA), at \$.03 per MHz-pop for the DFA, the MTA would be valued at \$.06 per MHz-pop. At \$.06 per MHz-pop, a \$.02 bidding increment would represent approximately one third the value of the MTA li-

cense. Unlike PCS where the value of the licenses was substantially more, at \$.02 per MHz-pop the auction may reach its maximum in as little as three rounds of bidding -- \$.06 MHz per pop. Thus, Geotek submits that a bidding increment of \$.01 would more accurately reflect the true value of the license on a per pop basis and be more equitable to both incumbent licensees and small businesses. The Bureau has discretion to set (and change) the bid increment prior to and during the auction. See Second Order on Reconsideration and Seventh Report and Order, PR Docket No. 89-553, PP Docket No. 93-253, GN Docket No. 93-252, FCC 95-395, at ¶ 72 (released September 14, 1995).

3. Geotek supports RAM Mobile Data USA Limited Partnership ("RMD") in its request for emergency reconsideration and/or waiver of the activity rules filed September 21, 1995. The activity rules will require incumbent licensees to engage in unnecessary gamesmanship and bid on far more licenses than they are interested in obtaining in order to preserve their eligibility and flexibility during the auction process. For example, because the Commission has assigned lower activity units to encumbered spectrum, an incumbent licensee bidding on its own frequencies will rapidly lose its eligibility and thereby its flexibility to bid on unencumbered spectrum during the auction process. Such flexibility is important in the event that the incumbent licensee's frequency block is "bid up" making it no longer economically viable. In such case, the incumbent needs the flexibility to change strategies during the auction to bid on a different frequency block. Thus, Geotek recommends that the activity rules be modified consistent with RMD's filing.

4. Geotek recommends that the Commission only accept bids once each day for the first week rather than twice a day as provided for in the Auction Notice. See Auction Notice at 15. In the 900 MHz auction, the Commission will auction over 1,000 licenses at one time -- far more than any other single auction conducted thus far. Further, many of these licenses involve spectrum blocks that are encumbered. Thus, due to the number of

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licenses and the complexity of the 900 MHz auction alone, Geotek recommends that the Commission allow only one round of bidding per day for the first week. Equally as important, however, is the fact that the prospective bidders in this auction will not be experienced bidders and will generally be smaller-sized entities than those who participated in the PCS auctions. Smaller-sized companies do not have the luxury to hire experts or fully dedicate the staff necessary to track and submit bids in a two-round-per-day format. Many entities will rely on the experience gained during the first week to carry them through the auction. Thus, the benefits gained by limiting the number of rounds per day during the first week far outweigh the potential delay such a limit might cause.

If you have any questions, please call.

Sincerely,



Michael S. Hirsch
Vice President -
External Affairs

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cc: Rosalind Allen
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